

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P.O. Box 942850
Sacramento, CA 94250-5878

DATE: January 29, 2002

PAYROLL LETTER # 02-007
CSU ONLY

TO: All Campuses in the Uniform State Payroll System

FROM: RALPH ZENTNER, Acting Chief
Personnel/Payroll Services DivisionRE: **AB 1606 DEPLOYMENT PAY**

This Payroll Letter outlines procedures for requesting payments for California State University (CSU) employees who are on military leave as a result of the deployment of American forces under Operation Enduring Freedom. These payments are authorized under the Military and Veterans Code Sections 395, 395.01, and 395.03. Refer to CSU Memoranda HR 2001-25, and HR 2001-25 Supplements #1 and #2 for general information regarding these payments.

Employees called to military duty as a result of the Operation Enduring Freedom deployment are entitled to the difference between their military pay and their State salary for up to 180 calendar days. These provisions apply to those cases where military duty exceeds 30 calendar days. For the first 30 days of military duty employees will receive their regular salaries.

A Form STD 674, Payroll Adjustment Notice, and a Military Leave Worksheet are required to request pay. Please refer to CSU HR 2001-25 Supplement #2 for instructions for completing Military Leave Worksheets.

I. Documentation Required

For an employee not using leave credits, and eligible for military pay, the following steps must be taken to request pay:

1. Process a S44 (CSU) Military Leave Employment History transaction with an effective date of the first calendar day of military leave. Without this transaction, payments cannot be made. Please note that this transaction should be posted after the initial 30 days of military leave, since the employee is entitled to regular pay for the first 30 days of leave.
2. Complete all portions of the Military Leave Worksheet (See CSU HR 2001-25 Supplement #2). The employee's military pay (Section 6) and adjusted CSU gross salary (Section 8) will be used to calculate the HR 2001-25 pay.
3. Submit a copy of the worksheet and a covering Form STD 674 for each affected employee to the State Controller's Office. Standard items on Form STD 674 should be completed as shown in Attachment A. Other items should be completed as follows:

ITEM

ENTER

5) Correct/Issue Payment

"X" for "Payment Request" As Indicated Below

Remarks

"Per HR 2001-25, employee entitled to difference between State gross salary and military pay. Leave is mm/dd/yy through mm/dd/yy."

6B) Payment should be:

Pay Period Type	Appropriate Code
Pay Period Month/Yr.	First pay period for which adjusted payment is being made.
Payment Type	7
Gross	Difference between employee's military pay and State gross salary

II. Calculation of Pay and Issuing Payments

The State Controller's Office will issue a payment each pay period until the leave period shown on the Form STD 674 has expired. For those months when an employee is not on leave for a full pay period, the State Controller's Office will calculate any pro-rated adjusted State pay.

The formula used to calculate pay for a partial month is: employee's payment gross equals State gross salary minus the State pay issued for the portion of the month on State payroll, minus the pro-rated military pay.

NOTE: The pro-rated military pay is determined as follows: full amount divided by 30, times the number of calendar days during the pay period the employee is on military leave status.

Example:

An employee is on military leave from January 28-30, 2002. The employee's State gross salary is \$6,000.00. The employee receives \$5,454 in State pay for the period January 1-27, and \$150 in military pay for the period January 28-30.

The adjusted State gross salary is calculated:

$$\begin{aligned} \$6,000 - \$5,454 &= \$546 \\ \$546 - \$150 &= \$396 \end{aligned}$$

Note: Whenever an employee's State gross salary changes while on military leave (e.g., General Salary Increase), the State Controller's Office will automatically issue HR 2001-25 adjustments based upon new State gross.

III. Changes in Military Pay

If the gross military pay varies in any month from the amount indicated on the original worksheet, notify the State Controller's Office immediately by completing a new worksheet and Form STD 674. For example, if an employee receives an increase in pay during the second month of leave, this would alter the gross military pay originally submitted on the worksheet.

IV. Expiration of Military Leave

When the leave period shown on the original Form STD 674 has expired, the State Controller's Office will cease HR 2001-25 military leave payments. If the employee returns to work, the campus must process a reinstatement transaction (i.e., remove employee from military leave status) so that regular pay can be issued. The State Controller's Office will not notify campuses when the leave period indicated on the Form STD 674 has expired.

V. Subsequent Military Leave

If the employee's leave is extended beyond the expiration date shown on the original Form STD 674, or if the employee is placed on a subsequent military leave, a new worksheet and Form STD 674 must be submitted as described in Section I above. NOTE: Campuses are responsible for ensuring that HR 2001-25 payments for employees with multiple military leaves do not exceed the 180 calendar days allowed.

VI. Payments

Payments will be issued after the close of the pay period. Payments will be made using Payment Type 7. Payments will be subject to federal tax (flat tax 27%) and State tax (flat tax 6%), Social Security (6.2%)

and Medicare (1.45%) if applicable. Garnishment/Earnings Withholding Orders for support will be withheld.

VII. Continuation of State-Sponsored Benefits

If there is sufficient State pay to cover the employee's share of State-sponsored benefits (health, dental, vision) the normal deductions will be applied.

If an employee's military pay equals or exceeds State pay, State-sponsored benefits will be continued if the employee so designates.

If the State-sponsored benefit is totally State-funded (no employee contribution), the State Controller's Office will process the State-share deductions using a non-pay generating transaction. Where an employee contribution is required (e.g. PERSCARE), and there is insufficient State pay to cover the contribution, the State Controller's Office will establish an agency collection account receivable to process the deduction.

The State Controller's Office will continue to process these deductions until the leave period has expired. The intent is that there will be no break in any State-sponsored benefit coverage.

In order to continue State-sponsored benefit deductions where there is no State pay being issued, submit a Military Leave Worksheet and a covering Form STD 674 PLEASE NOTE: HARD COPIES OF SAMPLE COVERING STD 674 DOCUMENTS WILL BE SENT TO YOU. Complete the following portions of the Military Leave Worksheet:

SECTION	ENTER
1	Name
2	Social Security Number
12	"X" Appropriate Deduction(s) and enter Deduction Code, Organization Code, and Deduction Amount.
Standard items on Form STD 674 are to be completed as shown in Attachments B-1 and B-2. Other items should be completed as follows:	
ITEM	ENTER
5) Correct/Issue Payment	(B-1) – "X" for "payment request" if no employee share is involved. (B-2) -- "X" for "Account Receivable" if any benefits with employee share are involved.
Remarks	(B-1) – If no employee share is involved: "Requesting withholding of State benefits per HR 2001-25. No State pay requested. Leave period is mm/dd/yy –mm/dd/yy". (B-2) – If any benefits with employee share are involved: "Requesting account receivable for withholding of State benefits per HR 2001-25. No State pay requested. Leave period is mm/dd/yy – mm/dd/yy". 6B) Payment Should Be: Pay Period Month/Year First pay period for which adjusted State-sponsored deductions should be withheld.

VIII. Other Voluntary Deductions

Voluntary deductions, other than State benefits, will only be withheld if indicated on the Military Leave Worksheet, and only if the worksheet shows Deduction Code, Organization Code and amount. If there is sufficient net pay to cover all voluntary deductions, they will be applied in the normal priority order.

IX. Employee Unable to Complete a Military Leave Worksheet. If an employee is unable to complete a Military Leave Worksheet, departments have the option of continuing State-sponsored deductions. To do

so, use the procedures outlined in Section VII above. In this situation, it is conceivable that the campus will request adjusted HR 2001-25 pay when the leave is completed. If this occurs, when submitting the Military Leave Worksheet, do not include State-sponsored benefits. This will avoid duplicate deductions.

X. Reconciliation

When an employee completes military leave, the campus should reconcile the employee's military leave payments and HR 2001-15 payments to determine if the employee was paid correctly.

If the employee was paid incorrectly, the campus should submit a request to the State Controller's Office via Form STD 674 (one for each pay period needing adjustment) for either additional pay or an account receivable. A Military Leave Worksheet is not necessary.

Standard items on Form STD 674 are to be completed as shown on Attachments C-1 and C-2. Other items should be completed as follows:

ITEM	ENTER																				
5) Correct/Issue Payments	(5) – "X" for "Adjustment Request" if employee was underpaid by State. (5) – "X" for "Account Receivable" if employee was overpaid by State.																				
Remarks	If State owes Employee adjustment: "Employee underpaid HR 2001-25 regular State Pay" <table><tbody><tr><td>State Pay</td><td>\$ xxx.xx</td></tr><tr><td>Military Pay</td><td>- xxx.xx</td></tr><tr><td>State Owes Employee</td><td>xxx.xx</td></tr><tr><td>LESS State Paid</td><td>- xxx.xx</td></tr><tr><td>Total Adjustment</td><td>\$ xxx.xx</td></tr></tbody></table> If employee owes State: "Employee overpaid HR 2001-25 regular State pay". <table><tbody><tr><td>State Pay</td><td>\$ xxx.xx</td></tr><tr><td>Military Pay</td><td>- xxx.xx</td></tr><tr><td>State Owes Employee</td><td>xxx.xx</td></tr><tr><td>LESS State Paid EE</td><td>- xxx.xx</td></tr><tr><td>Total Adjustment</td><td>\$ xxx.xx</td></tr></tbody></table>	State Pay	\$ xxx.xx	Military Pay	- xxx.xx	State Owes Employee	xxx.xx	LESS State Paid	- xxx.xx	Total Adjustment	\$ xxx.xx	State Pay	\$ xxx.xx	Military Pay	- xxx.xx	State Owes Employee	xxx.xx	LESS State Paid EE	- xxx.xx	Total Adjustment	\$ xxx.xx
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XI. Submitting Requests

Send all requests outlined in these procedures to:

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P.O. BOX 942850
SACRAMENTO, CA 94250-5878
ATTN: BETTY LONGERO
CSU PERSONNEL/PAYROLL UNIT

If you have any questions regarding this Payroll Letter, please contact Betty Longero at (916) 322-7972.